Sixth Pay Commission

593. SHRI SHANTARAM LAXMAN NAIK: Will the Minister of FINANCE be pleased to state;

(a) whether Government have constituted Sixth Pay Commission;

(b) if so, number of employees proposed to be covered, terms of reference, time within which the Commission is required to submit their report;

(c) the quantum of additional burden likely to be put on Government if the Commission report is accepted partly or otherwise; and

(d) whether Government propose to give financial assistance to the State Government to implement the recommendations of Commission as and when they are accepted by Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Government has notified the Sixth Central Pay Commission on 5-10-2006.

(b) The number of employees covered, excluding armed forces personnel, is approximately 33 lakhs. Terms of reference of the Commission are annexed as Statement. (*See* below) The Commission is required to submit their report within eighteen months.

(c) and (d) Likely additional burden on this account can be computed only after the Commission finalizes its recommendations. The terms of reference of the Commission do not, in any case, cover the State Government employees.

Statement

Terms of reference of the Sixth Central Pay Commission

(A) To examine the principles, the date of effect thereof, that should govern the structure of pay, allowances and other facilities/benefits, whether in cash or in kind, to the following categories of employees:-

(i) Central Government employees - industrial and non-industrial.

(ii) Personnel belonging to the All India Services.

(iii) Personnel belonging to the Armed Forces.

(iv) Personnel of the Union Territories;

(v) Officers and employees of the Indian Audit and Accounts Department; and

(vi) Officers and employees of the regulatory bodies set up under Acts of Parliament.

(B) To transform the Central Government Organisations into modern, professional and citizen-friendly entities that are dedicated to the service of the people.

(C) To work out a comprehensive pay package for the categories of Central Government employees mentioned at (A) above that is suitably linked to promoting efficiency, productivity and economy through rationalization of structures, organisations, systems and processes within the Government, with a view to leveraging economy, accountability, responsibility, transparency, assimilation of technology and discipline.

(D) To harmonize the functioning of the Central Government Organisations with the demands of the emerging global economic scenario. This would also take in account, among other relevant factors, the totality of benefits available to the employees, need of rationalization and simplification thereof, the prevailing pay structure and retirement benefits available under the Central Public Sector Undertakings, the economic conditions in the country, the need to observe fiscal prudence in the management of the economy the resources of the Central Government and the demands thereon on account of economic and social development, defence, national security and the global economic scenario and the impact upon the finances of the States if the recommendations are adopted by the States.

(E) To examine the principles which should govern the structure of pension, death-cum-retirement gratuity, family pension and other terminal or recurring benefits have financial implications to the present and former Central Government employees appointed before January 1, 2004.

(F) To make recommendations with respect to the general principles, financial parameters and conditions which should govern payment of bonous and the desirability and feasibility of introducing Productivity Linked Incentive Scheme inplace of the existing ad hoc bonus scheme in various Departments and to recommend specific formulae for determining the productivity index and other related parameters.

(G) To examine desirability and the need to sanction any interim relief till the time the recommendations of the Commission are made and accepted by the Government.

Parity on petro prices

594. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the tax on petrol and diesel ranges from 28 to 33 per cent in the Southern States compared to 6 to 12 per cent in the Northern States;

(b) whether this disparity is due to most of the Northern States opposing the uniform taxation on petrol and diesel; and

(c) what steps the Central Government propose to take to bring parity on petro prices throughout the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Under Entry 54 of the State List of the Constitution, State Sales tax/VAT, being a 'tax on purchase or sale of goods within a State', is a State subject, An Empowered Committee of State Finance Ministers (EC) has been constituted to deliberate upon and decide all matters concerning State Sales Tax/VAT. As per the EC decision, Petrol and Diesel are non-Vatable and subject to 20% floor rate of tax (except that the floor rate for Diesel is 12.5% in case of North-Eastern States, Sikkim and J&K). States may levy taxes at rates higher than the floor rates for these items.

In case of Petrol, all the States/UTs (except Podicherry) are levying Sales Tax/VAT @20% (*i.e.* the Floor Rate) or above. Puducherry is levying Sales Tax @12%. It is not correct to say that only Southern States have high tax rates. A number of States in other parts of the country also have high rates of Sales Tax/VAT on Petro;, Similarly, in case of Diesel also,a number of States in various parts of the country levy tax at rates much higher than the EC approved Floor Rate. However, it is true that some States have deviated from the EC approved Floor Rates and levy tax on Diesel at much lower rates. These States/UTs are Chandigarh, NCT of Delhi, Haryana, Himachal Pradesh, Puducherry and Punjab. The EC has heen trying to persuade these States to raise their tax rate to the level of floor rates. Since State Sales Tax/VAT is a State subject, it is for the States/EC to take necessary steps to bring about uniformity in the rates of tax on Petrol and Diesel.